10 TIPS FROM THE TURNAROUND KING

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TECH MAGIC
INSIDE BENETTON'S HIGH-SPEED EMPIRE
By Curtis Bill Pepper

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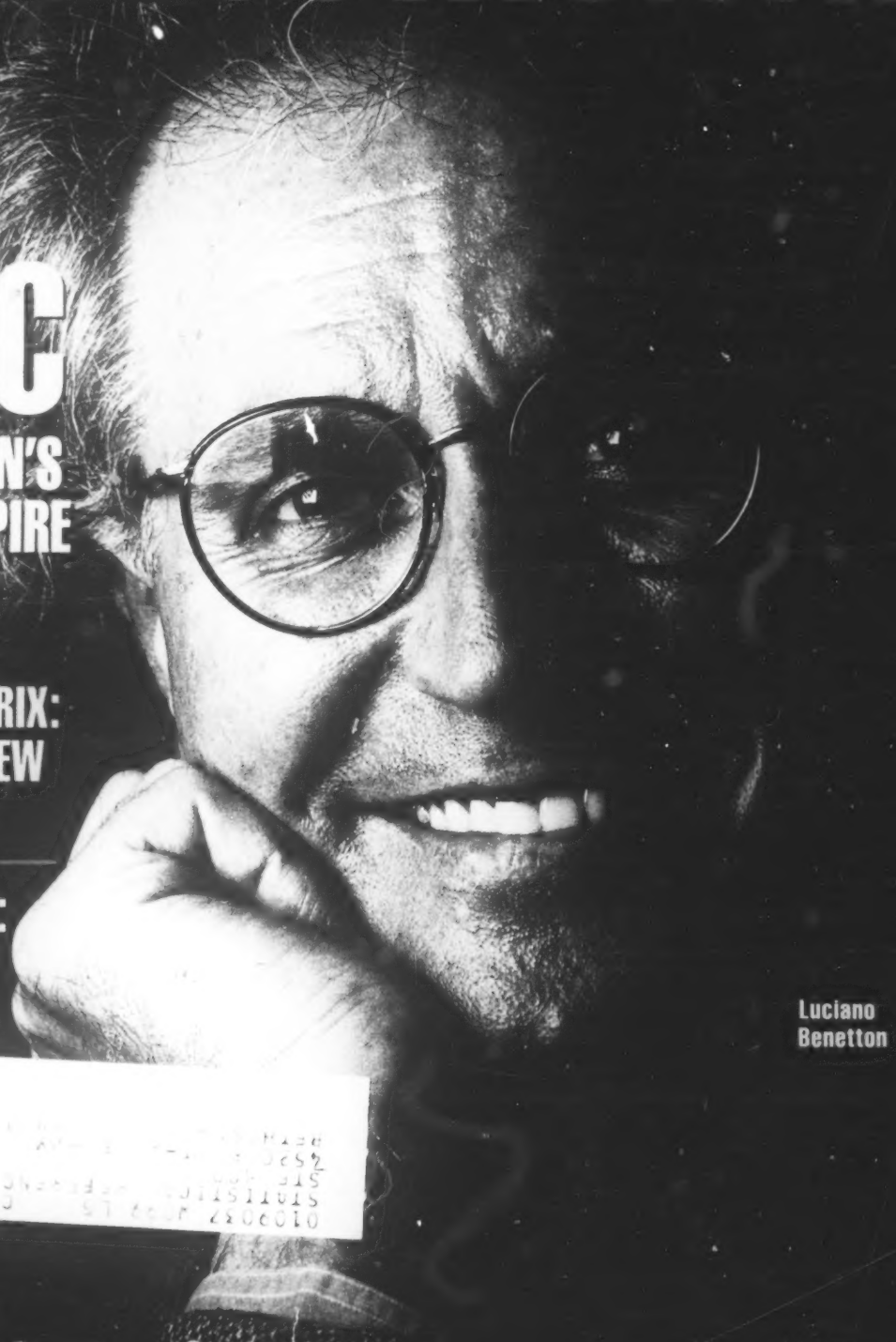
BRAVE NEW BOARDS: HOW DIRECTORS WIELD MORE CLOUT



Luciano Benetton

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COVER PHOTOGRAPH: DANA LAM; ART DIRECTION: MA

FROM THE EDITOR IN CHIEF

THOSE WHO MADE THE LIST

List-making is one of the great sins of journalism, higher on the list of sins than writing about anniversaries as if dates themselves were newsworthy, but lower than treating polls as if they meant something. Yet there are lists and lists. We at BUSINESS MONTH have for a long time taken our annual list of the best-managed companies very seriously. We rummage around in the business stacks month in and month out. We read every morsel we can find on performance and managing techniques. We read annual reports (one of the great sins of corporate life) assiduously, and divide by three. We run the numbers to find out who is in fat city and who is on the street. We bring in experts, big-time men and women, to look over our research and add their own. They do this with care, and then they send their findings back to BUSINESS MONTH. The editors collate the opinions, the facts, the figures, the fugues, and staple together the five winners and the 15 significant other companies of the past twelvemonth.

We did that for 1988, and in December, which seems so long ago, we published the results—our list, we confess—and then we had a lunch to honor the men and women running these fine enterprises.

Graham, Glass, Sculley, Vagelos, Gault

All of which is a long way around to the point, which is that the winners, in their acceptance speeches that warmish day at the Waldorf, were quite surprisingly moving. They weren't buying the notion of their individual superiority, that they had done it alone.

Katharine Graham of the *Washington Post*, for example, might easily and even reliably have talked about the company's many achievements and profitability. Instead, she talked about her great good fortune in finding talented colleagues to help her when she did not know very much and was frightened by her tasks.

John Sculley of Apple Computer spoke of trying to lead "by helping to be the keeper of the vision." He said that his job was "to get the obstacles out of the way and pick very good people."

David Glass of Wal-Mart and Stanley Gault of Rubbermaid each gave direct and precise credit to the people at their companies, and did so—they all sounded this way—without falling back on mawkishness. All genuine, sincere American Real. People make the companies go 'round, forget the embroidery.

P. Roy Vagelos of Merck rounded the theme off by saying that at his company he expected a lot of intermingling of employees, the chemists and biologists, the manufacturing types, all in together.

Lists, in the main, are not the noblest of journalistic pursuits. But this one came up so strong that the list and the lunch didn't feel sinful at all. Intellectualizing is one thing, but, on reflection, such a fine day could only have been produced by such people.

JOHN VAN DOORN

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Published monthly by:
BUSINESS MONTH Corporation

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PERSPECTIVE

Reagan's Legacy In Antitrust

CRITICS SAY THE REAgan administration was soft on antitrust, and they quote statistics to support their claims: In the past eight years, the Justice Department filed barely 100 civil antitrust suits, versus 205 for 1975 through 1980.

But the truth is that the courts, not the Justice Department or the Federal Trade Commission, changed their stand on traditional antitrust enforcement shortly before Reagan took office. One can cite a number of turning-point cases—the 1974 General Dynamics decision downplaying concentration, the 1977 GTE Sylvania decision requiring actual proof that vertical corporate structures result in price-fixing, the eventual dropping of the Justice Department's famed IBM case after 12 years of fruitless (except to the lawyers themselves) wrangling. Judges all the way up to the Supreme Court have indicated quite clearly that a merger or buyout that makes a company big and powerful or doubles its market share is no longer automatically considered anti-competitive.

This does not mean that the lawyers in the Justice Department's Antitrust Division have had nothing to do. Far from it. They have brought more antitrust suits than any of their predecessors—close to 900 since 1980. But these have been mostly criminal suits: felony actions lodged against road builders for rigging government bids, against soft-drink bottlers for fixing local prices to supermarkets, against movie distributors, waste haulers, electrical contractors, moving companies, bakeries and auction dealers for sundry schemes to pick consumer and corporate pockets. Many of these suits have been against small and medium-size defendants, but the antitrust cops have also collared the likes of Waste Management, General Cinema and other billion-dollar offenders.

At last count, the Justice Department was pressing 163 different grand jury investigations, as opposed to only 50 when Reagan took over. "The simple truth is that it has never been riskier and more dangerous to commit an antitrust crime," says Charles F. Rule, head of the antitrust division. But being big and getting bigger aren't necessarily crimes.

—*STEPHEN W. QUICKEL*

Easy: Just Grab Hold of Compaq

IT IS THE WISE MANAGer indeed who can hook his company to a rapidly rising star. And Finis Conner at Conner Peripherals in San Jose, California, certainly knew a comet when he saw Compaq Computer Corporation. Conner's company, which has been in business for only a year, makes the bulk of the hard-disk drives that go into Compaq's new lap-top computer. And that single supply relationship has propelled the Silicon Valley manufacturing boutique past Compaq's previously held record as the fastest growing American company. Conner racked up $113 million in 1987, its first year; Compaq had managed only $111 million in 1983.

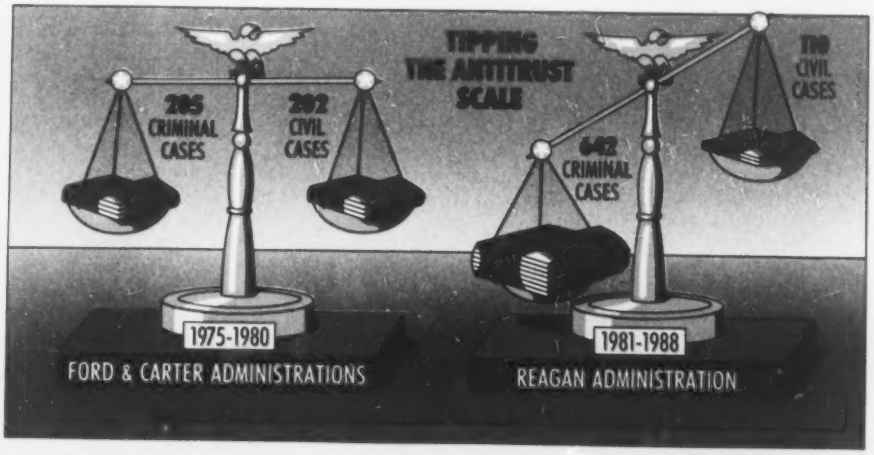

CHART BY JOHN GRIMMOND

If you can't beat 'em, join 'em: Finis Conner did both to Compaq Computer.

Never a model of the introverted, noodling computer inventor, Conner excels at the business end of building high-tech companies from scratch. He has already managed two successful start-ups, Shugart Associates (1973) and Seagate Technology Inc. (1979), both of which he co-founded with the disk-drive designer Alan Shugart. In each case he used the same guiding philosophy: Produce what the market wants, understand the technology so well you can anticipate major shifts, and capture all the major customers within the first two years of your product's life.

With Conner Peripherals, the 44-year-old entrepreneur once again let someone else develop the high-performance technology while he spent his time scrounging up financing. Even though he had a glowing track record, the disk-drive industry was in such bad shape in 1985 that he had trouble interesting even investors who had previously made money with him. One prospect who